

Castle Dale, Utah
10/5/04
Volume

Part III: Economic Summit

By PATSY STODDARD, Editor

Bob King, vice president of Interwest Mining, spoke at the recent economic summit held in Castle Dale. King said they have a lot going on and they are excited about the future. Interwest Mining is a subsidiary of PacifiCorp which manages the utility's mining operations including the Deer Creek Mine near Huntington. PacifiCorp operates three power plants in Emery and Carbon counties which burn 8.2 million tons of coal per year.

Carbon plant is the oldest and the smallest of the power plants and burns 600,000 tons of coal per year. The Huntington plant is a two unit plant which uses 3.1 million tons of coal per year.

Hunter Plant has three units which use 4.5 million tons of coal per year. The combined megawatt power of the plants in the two county area is 2,186 megawatts of power produced every year, which is 30 percent of the thermal electric capacity of PacifiCorp.

Utah Power has always been a low cost power producer. One reason for this was their decision early on to locate the power plants adjacent to coal reserves making it cheaper to produce the power by eliminating the high cost of shipping coal. This approach also led to long term stability in the coal supply. When needed PacifiCorp. also secures long and short term coal contracts from Utah coal producers. One long term contract is with the SUFCO

mine in Convulsion Canyon which runs through the year 2020.

Short term or spot coal contracts are utilized to supply blend coals to optimize plant performance and supplement captive production. Buying spot coal enables the coal blending facility at Hunter Plant to blend coal to optimize plant performance. Also, purchasing spot coal allows the company to take advantage of favorable market conditions.

King said PacifiCorp's strategy is unique and there are not more than a handful of utility companies nationwide that still operate coal mines. Most power companies purchase coal on the open market. Owning coal mines allows the company to control a portion of the

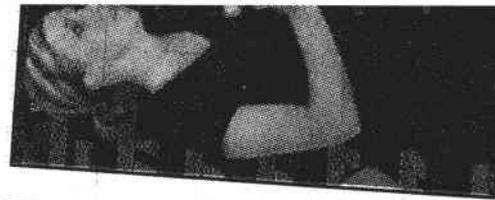


Bob King, vice president of Interwest Mining speaks at the economic summit.

Continued on PAGE 3A.



INS



Emery Vo
Held in Cas

BRIEF

Are You Prepared to Survive
Emergency Prep
Fair, Oct. 8, 5-8 p.m.
Spartan Center at Er

Speak

5:30 p.m. Earthquake
6 p.m. Utah Power
6:30 p.m. Sgt. Mar
Wilson, CERT
Outside:
Fire Dept.

Summit

Continued from PAGE 1A.

fuel supply. When the price of coal is high and the market is tight, owning your own coal mine provides security and stability. Currently spot coal is about \$30 per ton and two years ago it was about \$15 a ton. The coal mines provide stable costs not impacted by fluctuations in the hedge market. When coal costs are high the company can ramp up production and reduce purchases when coal prices are down the company can reduce production and buy more coal on the open market to maintain being a low cost power producer.

In 1972, Utah Power purchased the Des-Bee-Dove coal mine, which operated on a room and pillar system. In 1977, the company made a significant investment in coal when it purchased the Deer Creek and Wilberg/Cottonwood coal mines. The Wilberg/Cottonwood Mine produced 40 million tons since its purchase until it ran out of reserves and was closed. The Deer Creek Mine has produced 83 million tons of coal since its purchase. Seventy-five percent of the coal produced by Deer Creek is utilized by the Huntington Plant and the other 25 percent is trucked to the Hunter or

cility at Rilda, it will save two hours of travel time per day. The new facility is significant to cut travel time and for the safety of the mine and its workers. It will offer alternate escape ways for workers.

Planners of the new facility are optimistic that there will be minimal impact on wildlife and water resources. Extensive studies have been completed and are ongoing to ensure that all environmental issues are addressed. All maintenance on equipment will stay at the Deer Creek facility to reduce environmental impacts at the new site. Hopefully the new facilities will be constructed in the next couple of years King reported.

King reported that Trail Mountain might eventually be reopened. Back in 2001 when production stopped, the company couldn't acquire additional leases because of environmental issues. "The original issues are still there," said King. The BLM's consultants were concerned that mining a portion of the Cottonwood tract could cause seismic problems for Joe's Valley dam and reservoir. Currently a mine plan is being worked on that leaves coal to protect Joe's Valley. Reserves there are expedited to be lower than originally thought, and the seismic issue is yet to be resolved.

At the Cottonwood Coal Processing and Blending Facility, coal from Deer Creek and

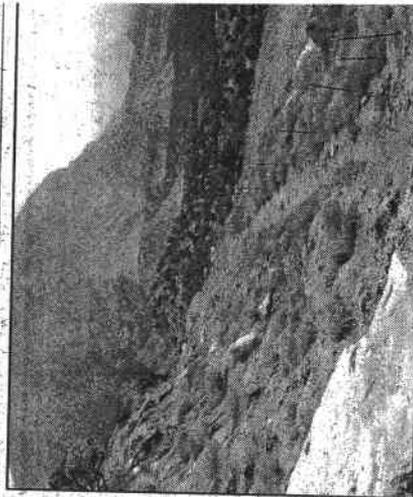
SUFCO and other sources is blended to optimize coal quality to in turn optimize power plant performance. The blending facility is a key facility to optimize generation at the Hunter plant and it employs 10 people.

King reported that PacifiCorp has been heavily involved in reclaiming the Des-Bee-Dove mine site which demonstrates PacifiCorp's commitment to the environment. A 26 acre site has been reclaimed and over 100,000 tons of waste coal was removed from the site and 150,000 cubic yards of material was used in regrading the valley. Also, native vegetation including pinyon/juniper seedlings have been planted. "We believe that one day you will never know a coal mine was there," said King.

King spoke of the impact PacifiCorp has on the local economy. In 2003, PacifiCorp paid \$11 million in property taxes and other taxes and \$7.4 million in coal royalties. They are the largest employer in the county and pay \$32 million in wages per year. "We are a big player in the county and we recognize our responsibilities. We appreciate the relationship we have with the Emery County commission, public health department, sheriff's office, public lands department and others. We look forward to the future as partners in making Emery County a great place to work and live," said King.

of Transportation aeronautics division for upgrading the Huntington Municipal Airport.

Funds have been secured for a grading and drainage project and also widening. New lighting will also be installed at the airport after the widening is completed. The grant obtained by the county is a 90/10 match with UDOT. It was noted the airport will be closed for approximately



The old road leading to the Des-Bee-Dove mine is trail now. PacifiCorp has reclaimed a 26 acre site old mine.

Photos by Corey



PacifiCorp is proud of the reclamation work at the mine. This photo looks into the canyon where the Des-Bee-Dove mine was located.

improvements from the Temple Mountain road to Goblin Valley. This is a 50/50 match and the county portion of the match will come from Emery County. Special Service District #1, Hatch also mentioned the improvements to Goblin Valley campground. He said they are working on the permitting for the new road and the preliminary road location.

Commissioner Sitter reported that the economic mill held in Castle Dale was successful. Sitter reported the gas plant has sold in River and will create 10,9

Commission

Continued from PAGE 1A.

McCandless could help things move in a positive direction. She said that six businesses have recently closed in the county and 17 new businesses have recently opened in Carbon County. "We need to keep small businesses here," Earl stressed. "We need to stop people from going out of the area to shop. We are closing out our audio department at Earl's Furniture and Appliance because we can't buy our items for what Wal-Mart sells theirs

Torrey, and that community is smaller than Emery County. He suggested contacting them and seeing how successful it was and how many people attended.

Leslie Bolinder, commission secretary, said other counties that have big name entertainers at their fairs, add the item to their fair budgets. If they get the money back OK and if not OK because it has been budgeted.

tioned as being available to handle such a concert with seating for approximately 2,500 people. With a full house at \$20 per ticket the concert could break even. Kofford said the question is if the county wants to sponsor such an event and spend the money to back up the endeavor. Also, sponsors for the event could be obtained. Kofford suggested maybe looking for someone less expensive than Sawyer Brown in the \$20,000-

The deadline must be...